

Message Text

UNCLASSIFIED

PAGE 01 SANTIA 03222 092225Z

70

ACTION EB-07

INFO OCT-01 ARA-10 EA-10 ISO-00 CAB-05 CIAE-00 COME-00

DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 H-02 L-02 NSC-05

SS-15 TRSE-00 OMB-01 /065 W
----- 084432

R 092029Z MAY 75

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 3227

INFO AMEMBASSY GUATEMALA

AMEMBASSY JAKARTA

AMEMBASSY MANILA

AMEMBASSY SANTO DOMINGO

UNCLAS SANTIAGO 3222

E.O.11652:N/A

TAGS: EAIR, CI

SUBJ: TAXES CHARGED U.S. AIRLINES BY FOREIGN GOVERNMENT

REF: STATE 77248

1. BRANIFF INTL, SOLE US CARRIER SERVING CHILE,
PAYS INCOME TAXES ON NET INCOME IN THE FOLLOWING
MANNER. THE PROFITS OF THE COMPANY DERIVED FROM
ROUTE OR ROUTES WHICH COVER CHILE ARE DETERMINED. NET
TAXABLE INCOME OF THE CHILEAN OPERATION WOULD BE PERCENTAGE
OF PROFITS EQUIVALENT TO THE PERCENTAGE OF THE SPECIFIC
ROUTE MILEAGE IN CHILE WITHIN THE WHOLE MILEAGE OF THE ROUTE.

2. TAX ARRANGEMENTS WITH FOREIGN AIRLINES ARE NEGOTIATED
AND SEVERAL FOREIGN CARRIERS DO PAY INCOME TAXES ON
GROSS REVENUES.

3. BRANIFF'S ARRANGEMENT WAS WORKED OUT SEVERAL YEARS
AGO AFTER A LEGAL BATTLE THAT ENDED IN CHILE'S SUPREME
COURT. SINCE THEN, THEY HAVE SUCCESSFULLY FOUGHT ANOTHER
ATTEMPT TO COLLECT INCOME TAXES ON GROSS REVENUES. BRANIFF
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 SANTIA 03222 092225Z

(TOGETHER WITH LAN CHILE) IS CURRENTLY PUSHING FOR A US/CHILEAN

RECIPROCAL TAX AGREEMENT.

4. DOMESTIC CARRIES SUCH AS LAN CHILE PAY INCOME TAXES BASED ON NET INCOME, BUT LAN, AS A STATE-OWNED ENTERPRISE RECEIVES OTHER BENEFITS SUCH AS EXEMPTION FROM TAX ON FUEL PURCHASED IN CHILE.

5. ACCORDING TO CHILEAN BRANCH OF PRICE, WATERHOUSE, GENERAL RULE FOR TAXATION OF FOREIGN BUSINESS PROFITS IS ON A NET BASIS.
POPPER

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AIRPORT TAXES, AIRLINES, AIR ROUTES
Control Number: n/a
Copy: SINGLE
Draft Date: 09 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975SANTIA03222
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750164-0244
From: SANTIAGO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750565/aaaachpk.tel
Line Count: 71
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 STATE 77248
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 24 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 SEP 2003 by buchantr>; APPROVED <21 JAN 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TAXES CHARGED U.S. AIRLINES BY FOREIGN GOVERNMENT
TAGS: EAIR, CI, US, BRANIFF
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006